

Status of Audit Resolution

December 2003

Agency: 300

Department of Social and Health Services

Audit Number	Finding Number
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2002F	01A	Finding:	The Department of Social and Health Services, Medical Assistance Administration, has not established sufficient internal controls to ensure compliance with Medicaid provisions.
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Resolution/Status: The Department partially concurs with the five conditions noted in this finding. The Medical Assistance Administration (MAA) has taken or will take the following corrective action:

- The Department is evaluating the option of having the Automated Client Eligibility System produce quarterly Social Security Number (SSN) reports for staff to perform a comprehensive review. Estimated completion is set for June 2005. Staff received instruction to verify SSNs at the time of application and to respond to all alerts regarding mismatches and errors on SSNs and/or names.
- The Department met with Basic Health (BH) representatives to request that BH forward all changes in income level to MAA. MAA developed an annual eligibility review that will replace the BH Household change form process. The annual eligibility review will be required for continued BH plus eligibility. Completed January 2003.
- The Department does not concur with the audit exception related to provider licensing. MAA received written verification from the Center for Medicare/Medicaid Services stating they will not pursue the overpayment. All questioned costs were determined to be unsubstantiated.
- MAA will establish procedures that will be used when information comes from Department of Health, Aging and Disability Services or other entities regarding compliance with health and safety standards. Estimated completion is set for June 2005.
- The Department identified and implemented a more effective method of tracking the Denial of Payment Notice (DOP). Corrective action was implemented in November 2002.

Agency Contact: Leigh Frazier, Manager
DSHS/FSA/Office of Accounting Services
PO Box 45842
Olympia, WA 98504-5842
(360) 664-5730
frazil@dshs.wa.gov

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Audit Number	Finding Number
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2002F	01C	Finding:	The Department of Social and Health Services, Economic Services Administration does not perform adequate or timely reviews to ensure the allowability of child care payments made to clients and vendors from federal and state funds.
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Resolution/Status: The Department concurs with this finding and has taken the following corrective action:

- The Division of Child Care and Early Learning (DCCEL) and the Community Services Division (CSD) implemented a requirement for supervisory reviews and developed an enhanced supervisory review tool. Statewide training was provided to staff.
- The DCCEL headquarters staff has been directed to monitor the reviews on a monthly basis and provide reports on the Director of CSD.
- The CSD Director established supervisory childcare case audits as one of the nine performance issues to be monitored by Regional Administrators. Issues of non-compliance will be addressed during weekly phone calls designed to monitor performance.

The Department disagrees with the questioned costs identified by the auditor and is working to resolve the matter with the federal Administration for Children and Families. The Department will identify the funding sources in question and complete necessary collection action.

Agency Contact: Leigh Frazier, Manager
DSHS/FSA/Office of Accounting Services
PO Box 45842
Olympia, WA 98504-5842
(360) 664-5730
frazil@dshs.wa.gov

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2002F	01D	Finding:	The Department of Social and Health Services, Economic Services Administration, is not in compliance with eligibility requirements for the Temporary Assistance to Needy Families Program.
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Resolution/Status: The Economic Services Administration (ESA) concurs with this finding and has taken the following corrective action:

- Issues a field memo in March 2003 regarding interface alerts and protocols.
- Completed refresher training for the Automated Client Eligibility System (ACES). This course was made available to the regions for basic financial worker training in August 2003.

The Department has received a final federal Letter of Determination which indicates satisfaction with the actions taken. The Letter of Determination stated that the questioned costs need not be returned because the findings did not constitute a violation of federal law or regulation.

ESA is continuing to work with other state agencies to establish interfaces to verify data provided by clients. Estimated completion is set for June 2004.

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2002F	11	Finding:	The Department of Social and Health Services, Division of Vocational Rehabilitation does not have adequate internal controls over the processing of expenditures for client services.
		Resolution/Status:	<p>The Department concurs with this finding. The Division of Vocational Rehabilitation has established internal controls for the separation of duties within the Service Tracking and Reporting System (STARS). STARS was updated to electronically ensure that separation of duties are maintained. Completed May 2003.</p> <p>The Division also updated the Supervisory Authorization for Purchase (AFP) review policy and established a STARS automated report to include exceptions for Supervisors and Chiefs to review. Completed March 2003.</p> <p>Additionally, the Department currently has the following actions in progress:</p> <ul style="list-style-type: none">• The Division will strengthen cash controls and provide training to staff. The Division will also implement a cash handling separation of duties policy. Estimated completion April 2004.• The Division will also be updating its procedures to include provisions on when receipts or certifications are required with respect to purchasing customer travel (such as mileage, meals, and lodging). Procedures will include what is required on the AFP for proper documentation. Estimated completion February 2004.
		Agency Contact:	Leigh Frazier, Manager DSHS/FSA/Office of Accounting Services PO Box 45842 Olympia, WA 98504-5842 (360) 664-5730 frazil@dshs.wa.gov

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Audit Number	Finding Number
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2002F	16	Finding:	The Department of Social and Health Services, Division of Child Support did not have adequate supporting documentation for printing and payroll costs.
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Resolution/Status: The Department concurs with this finding. The Division of Child Support (DCS) has taken the following corrective action:

- The DCS now requires the use of Job Cost Sheets as payment documentation. In the cases where Job Cost Sheets do not apply, purchase orders from the State Printer are used to verify invoices.
- The Accounts Payable desk manual has been revised to include procedures for correctly handling the nondescript invoices and what is the acceptable form of invoice to document what has been received for payment.
- The DCS has developed and implemented a Corrective Action Plan to correct the problem where non-DCS employees failed to complete required time sheets to support the time charged to the federal program.
- Questioned costs have been returned.

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PO Box 45842
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2002S	20	Finding:	The Department of Social and Health Services, Mental Health Division does not have sufficient internal controls over drugs in Western State Hospital pharmacies to prevent and/or detect misappropriation or loss.
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Resolution/Status: The Department partially concurs with this finding. The Mental Health Division has taken the following corrective action:

- Four automated medication stations have been installed at the Western State Hospital (WSH). These devices electronically track drug inventory and distribution activities. Access to the medication stations is restricted to authorized personnel who must provide respective "bio-ID" (fingerprint) to sign-in.

The Department is seeking funding from the Legislature to install medication stations on each ward of the WSH.

For the audit recommendations related to working stock, drug returns, and non-narcotic prescription refills, the WSH practices and procedures are in compliance with State Board of Pharmacy law and pharmacy standards. "Working stock" is kept in locked cabinets and only accessible by licensed pharmacists. The WSH would need additional resources and updated technology to implement the audit recommendations.

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2002F	24	Finding:	The Department of Social and Health Services, Economic Services Administration (ESA), did not comply with federal cost principles for charging terminal leave payments.
		Resolution/Status:	The Department concurs with this finding and has taken the following corrective action: <ul style="list-style-type: none">Established a system/methodology to distribute all termination leave payments in a manner consistent with the federal Office of Management and Budget Circular A-87.Reallocated questioned costs for terminal leave payments according to required federal cost principles.
		Agency Contact:	Leigh Frazier, Manager DSHS/FSA/Office of Accounting Services PO Box 45842 Olympia, WA 98504-5842 (360) 664-5730 frazil@dshs.wa.gov

Department of Social and Health Services

6370	01	Finding:	Providers of in-home child care for the Department of Social and Health Services in Mattawa, WA, made significant misstatements about their identities and/or failed to supply adequate documentation to support billings submitted to the Department for payments of an estimated \$2 million.
		Resolution/Status:	Finding of fraud. Refer to page 39.